CHAPTER 3

IMPERIAL POLITICAL ECONOMY AND MARKET FUNCTION

Definition of Empire

Empires are political systems characterized by the expansion and incorporation of other polities and the imposition of imperial political and economic systems on those conquered territories (D'Altroy 1987; Sinopoli 1994). The extension of control over other societies results in a two-tiered administrative system: the imperial core or metropole (comprising the strong centralized state that fostered imperial expansion) and the periphery (the politically decentralized and/or relatively weak polities incorporated by the imperialized metropole) (Doyle 1986).

The task of integrating the formerly autonomous polities of the periphery into a single functioning system that supports the continuance of empire defines the political and economic problems and processes characteristic of imperial development. This chapter explores how these characteristic political processes in turn generate predictable features of imperial political economy within ancient or archaic empires.

Forms of Imperial Control

The establishment of imperial rule entails both (1) political controls, involving the extension of sovereignty over subject polities by the imperial core and appropriation of decision-making in the subject polities, and (2) economic controls, comprising the reorganization of the economy within both the subject population and the imperial core to support the imperial infrastructure (D'Altroy 1987:5-6). Historically, empires exhibit a considerable range of variability along both political and economic dimensions.
The extension of political control can be either *formal*, established through territorial annexation, or *informal*, as influence exercised over a legally independent peripheral regime (Doyle 1986:135). In contrast, the mode of imperial rule can be characterized as either *direct*, consisting of colonial bureaucratic control by natives of the imperial core, or *indirect*, in which local administration is left to the peripheral, collaborating elite. These two primary dimensions of empire are interrelated to a degree. Informal empires necessarily rely on indirect rule; however, formal empires may rule by either direct or indirect means.

Economic control of subject territories similarly can be classified as direct or indirect (D'Altroy 1987:7). Indirect strategies of exaction leave the form of intensification in the hands of the subject polities and are typically associated with indirect political rule in the form of patron-client political relations. In contrast, direct economic manipulation places exaction and the form of intensification more directly in the hands of a central hierarchy and is necessarily associated with direct political rule.

**Types of Empire: Hegemonic and Territorial Control**

The interrelationship between the form of political control and mode of rule provides the basis for distinguishing two distinct types of empire: hegemonic and territorial (Luttwak 1976; Hassig 1985:90-103; D'Altroy 1987:5-8). Hegemonic empires rely on informal rule and indirect political control. In a hegemonic system, the empire is characterized by the extension of political control over semi-autonomous “client states” rather than direct occupation of annexed territories (Luttwak 1976:192). Local elite retain power and domestic policy decisions are made at the level of the subordinate polity, while imperial controls are focused on the exaction of tribute and/or resources. To this end, imperial influence and imperial revenues are used to coopt local leaders and absorb their traditional avenues of social control into a centralized administration; military power is held in abeyance as a latent threat (Luttwak 1976:192).
Territorial empires, in contrast, are characterized by formal rule and direct political and economic controls. The establishment of territorial imperial control entails the direct occupation and governing of subject territories, with the imperial core exerting control over both the foreign and domestic policies of subordinate polities through the establishment of a more complete civil service and imperial infrastructure (Doyle 1986:44). With formal annexation of territory, however, a military presence is required throughout the empire to maintain peace within its expanded borders. While this military investment increases the security of the periphery and reduces the threat of rebellion, it is much more expensive for the core: military force is now used directly to maintain control, and not as a latent threat, as is the case in a hegemonic system (D'Altroy 1987:6, after Luttwak 1976:192).5

Although often contrasted as distinct types of empire, the hegemonic and territorial empires represent the endpoints of imperial control as measured simultaneously along several important dimensions of variability. It is therefore important to remember that hegemonic and territorial empires grade into each other, and that the implementation of these strategies can vary in time and space within empires. On a temporal or development scale, hegemonic and territorial strategies may represent phases of imperial consolidation, with hegemonic representing early or expanding empires, while a territorial strategy may reflect the existence of a “mature” empire that has developed an exportable administrative bureaucracy (Luttwak 1976:191-194; Sinopoli 1994). Similarly, strategies may vary over space according to the relative strength and organization of the periphery, the nature and quantity of resources available, and specific imperial goals (D'Altroy 1987:6; Murra 1980; Smith and Berdan 1992).6

The Dynamics of Empire

The Endemic Problem of Empire

Although empires exhibit a broad range of formal and functional variability, they share the same underlying dynamic, that of expansion and incorporation of foreign
territories and polities with pre-existing and formerly autonomous political institutions (Wright 1977:385). Imperial expansion results in the coexistence of two levels of authority and political power: (1) the traditional local ruling elite, whose power was embedded in traditional bases of support and legitimation, and whose territories were incorporated by the expanding empire; and (2) the emergent autonomous imperial bureaucracy whose legitimation did not derive from any traditional roles, but was imposed from the outside.

The coexistence of these two forms of power was the central problem of the empire's political system. Although militarily dominant, the empire was dependent on traditional or local rulers to provide a direct and crucial link to their subject populations for both implementation of imperial policy and taxation (Service 1975:301-302; Rounds 1979). Vested with traditional authority, local rulers supplied a well-established system for controlling primary producers and resources. These traditional linkages, however, could also be tapped by local rulers to mobilize resistance against imperial control, generating breaches in internal security and loss of revenue (Webster 1976:820).

This uneasy distribution of power between central and local foci left the early imperial elite in a political quandary. Without a pre-existing bureaucratic structure that could be expanded to incorporate local populations, no alternative mechanism existed for administrative control of conquered masses (Rounds 1979:79). Thus, the outright destruction of local leadership was generally not an option. However, the dependency on local power as a conduit for imperial control created another dilemma for the early imperial elite: in order to exploit the subject population and its resources, the empire needed to support the very administrative structures that it attempted to dominate. As a result, the imperial rulers' activities were paradoxically oriented to maintaining traditional bases of legitimation and power, while at the same time manipulating those bases to support non-traditional (i.e. imperial) dominion (Eisenstadt 1963:25; Wolf 1965:175).
It is this pattern of dominance and dependence that constitutes the endemic problem of empires, and it represents the primary determinant of political process in developing empires (Eisenstadt 1963:24-25). At the core of this process were the conflicting power relations of imperial and traditional elite: the conquering imperial elite attempted to dominate the local, traditional elite, yet the conquerors remained dependent on the conquered for administrative control and to ensure the upward flow of tribute. Imperial attempts to resolve this conflict and invert initial dependency relations generated the concrete political actions through which imperial rule was consolidated.

Seen in this light, territorial and hegemonic empires represent two basic strategies for resolving dependencies, reflecting different balances in the use of force vs. persuasion. Territorial empires generally rely on military supremacy to coerce local rulership into compliance. In contrast, hegemonic empires rely on more persuasive tactics to convert local rulers to imperial goals. Neither strategy, however, can be successfully employed in isolation; thus both types of empire are faced with resolving dependencies on traditional rulers through some mix of political and economic incentives and deterrents.

**Political Process under Empires: Imperial Goals, Strategies, and Policies**

Based on his detailed analysis of historic bureaucratic empires, Eisenstadt (1963) argued that the emerging empire's dependence on traditional, local rulers shaped the general goals, specific strategies, and concrete policies of the imperial rulers in consistent and predictable ways. He suggests that, in general, imperial rulers had “a vision of a unified polity, of an empire or realm in which the rulers would be free from the fetters of traditional groups in setting and implementing political aims” (Eisenstadt 1963:29). They wanted to wrest the monopoly of political and administration positions from the representatives of hereditary elite groups and to establish new patterns of centralized administration. However, the rulers of the expanding empire could realize their political objectives only in so far as they could control economic resources and
revenues that were also independent of traditional avenues of extraction and control (Eisenstadt 1963:118).

The primary imperial goals were thus twofold: the political autonomy to set their own political objectives, and the economic autonomy to support those endeavors (Eisenstadt 1963:117-119; Adams 1979; D'Altroy 1992:9). The realization of both goals centered on the rulers' ability to invert the imperial dependency on the local rulers, i.e. to resolve the endemic problem of empire.7

**Political Goals.** Traditional elite clearly were a key focus of imperial energies, since control over these rulers brought control over productive subject masses and their resources. Accordingly, the aim was not to destroy the power of local leaders, but to subvert these traditional rulers to the goals and interests of empire (Kurtz 1981). To this end, the imperial core developed wide-ranging strategies aimed at separating traditional rulers from their local, traditional bases of power and in turn making these rulers dependent on imperial elite as their sole source of political authority, economic power, and social prestige. In short, the central goal was to ensure that local elite were dependent on (and therefore faithful to) the imperial ruler, thereby inverting the empire's dependency on local rulers and resolving the endemic problem of empire.

Eisenstadt's analyses have identified several strategies consistently employed by the emergent imperial elite to ensure the cooperation of traditional rulers. As a political incentive to compliance, imperial rulers attempted to limit the traditional hereditary transmission of titles and positions and to make the holding or transmitting of positions contingent on the imperial rulers' will (Eisenstadt 1963:132), thereby changing the basis of local rulership from power allocated from below by their followers to power delegated from above by the imperial core (Rounds 1979:77). This policy had a dual function: it encouraged political loyalty to the imperial rulers, while advancing the rulers' own legitimation as the chief dispenser of political power and authority.
This political strategy was closely connected with the rulers' endeavors to formalize (and monopolize) the status system by generating a social hierarchy based on service to the empire. As Eisenstadt has noted, “The rulers constantly tried both to establish the degree of proximity and access to political power and position as the primary criterion of stratification, and, at the same time, to acquire or retain control over as many avenues to this access as possible” (1963:132). By linking status and prestige to imperial service and loyalty, potentially disruptive competition between elites was channeled into avenues that supported continuance of empire. The new criteria for attaining status thus created a body of elite with common interests in perpetuating empire and simultaneously served to distance elite from their commoners and traditional bases of power and legitimation. As a whole, these social tactics fostered vertical linkages, while discouraging horizontal alliances among local elite that could lead to rebellion.

A political strategy complementing the subversion of traditional elite involved the development of alternative sources of administrative personnel through creating systems of acquired status and avenues of social and political mobility that by-passed or cross-cut traditional bases of inherited power (Eisenstadt 1963:144). By opening these channels of mobility to persons traditionally excluded from office, the empire created a body of loyal bureaucrats and imperial personnel with no traditional loyalties to conflict with the goals of empire. This newly promoted group diminished the imperial rulers' dependence on traditional rulers for administrative tasks and provided essential checks and balances on the power of traditional elite, as well as a body of armed support if necessary. However, this strategy could only be safely pursued within limits at the risk of fostering potential competitors; thus the rulers were especially interested in establishing and controlling the avenues of social and political mobility within society (Eisenstadt 1963:132).

Eisenstadt (1963:19) argues that the realization of political goals was limited by several important factors, including the legitimation and accountability of the rulers:
“The legitimation of the rulers in historical bureaucratic societies was mainly religio-traditional; and the criteria governing their appraisal usually combined political and religious values and orientations. The designated rulers of these societies were either members of hereditary traditional groups, or charismatic persons embodying the society's ‘sacred’ values and symbols and expected to establish new hereditary dynasties.”

Thus, imperial rulers of a necessity claimed religious and traditional legitimation for their positions (Conrad and Demarest 1984; Demarest and Conrad 1983). Methods of imperial control were formulated within the framework of traditional legitimation and involved manipulation of traditional bases and symbols of power and authority.

**Economic Goals.** In the economic arena, imperial elite needed a constant supply of resources to maintain their administrative machinery and as basis of strength for executing their policies. Thus, the primary economic goal was to generate and control continuous flows of resources from various strata of society, independent of traditional claims and rights of these strata and of the wishes of their members (Eisenstadt 1963:117).

Three general strategies were implemented as foundations for economic autonomy. These included attempts to (1) gain direct or centralized control of strategic resources (as through monopoly of production or distribution); (2) disembed traditional resources, i.e. to free-up or remove resources from the strict control of traditional ascriptive groups (as through mobilization, conscription, and the redirection of tribute flows); and (3) support the development of new resource bases outside the domain of traditional controls (primarily in the form of commerce) that could be tapped through taxation (Eisenstadt 1963:121; H. Wright, personal communication [cited in Hodge 1984:2]). Concomitantly, the imperial rulers attempted to prevent others from gaining access to these resources as a basis of political or economic power (Eisenstadt 1963:118).

These economic strategies were all aimed at creating and gaining control of ‘free-floating’ resources, i.e., material and labor resources not embedded within or committed beforehand to any traditional power group. These resources could then be
utilized by imperial rulers to establish autonomous political institutions and to pursue autonomous political goals and activities (Eisenstadt 1963:27-28).

In the political arena, then, imperial rulers wanted to weaken the strength of traditional leaders, while encouraging competing strata of potential administrators and loyal followers. They wanted to foster the dependence of both traditional and newly promoted elite, through limiting access to traditional bases of power and by elevating themselves as the sole source of power and prestige. Economically, imperial rulers attempted to disembed resources from their traditional bases of control, so that these resources could be used to support imperial structures and implement imperial strategies free from the constraints of traditional rulers. Imperial goals thus became closely interwoven: political autonomy rested on control of resources and control of resources depended on political autonomy.

**Imperial Controls over Resources**

For the emerging imperial elite, the realization of political and economic autonomy depended in large part on their ability to control key or strategic resources, as the bases of power and authority within society. Control over strategic resources both supported and legitimized their dominant position. And control of strategic resources enabled imperial elite to manipulate political relations among traditional rulers and restructure economic ones, thereby creating conditions of political and economic dependency on the imperial core.

**Definition of Strategic Goods**

The strategic value of goods or resources rests on their political role or function in the process of imperial consolidation and depends on how essential a commodity is perceived to be for the foundation or maintenance of imperial power. From the perspective of imperial power relations, several different classes of goods may have
strategic value. In general, resources may be critical in their role as bases of power, sources of legitimation, or as symbols of authority.

One obvious category of strategic resources includes goods that constitute bases of power due to their material worth. Such strategic valuables include precious raw materials and monetary wealth. In general, these goods are general purpose, durable, and have an exchange value that is widely recognized within the society. The desire to control these valuables is often cited as the factor driving imperial expansion and they were equally important in consolidating control. Resources that generate such wealth, including land and labor and their products, may also function as strategic valuables.

Other material resources may be the focus of imperial attention, however, because of their strategic function in legitimating control, as in establishing military superiority and/or maintaining the security and well-being of the governed populace. Material goods in this category include mundane commodities that are perceived by the imperial hub as necessary to the continuance of imperial rule. For example, Athens in the 5th century B.C. severely restricted the circulation of wood for oars and ship-building as part of a strategy for maintaining the supremacy of the Athenian navy (Finley 1973:169). Similarly, Rome came to directly control much of the wheat trade with Egypt, since grain and bread to feed the urban poor were essential to the maintenance of domestic peace in the imperial core (Finley 1973:160).

An equally important class of strategic goods, however, includes goods that function as symbols of authority; in this case, it is their symbolic role that has strategic value. In the absence of fully institutionalized power, the display of power symbols becomes an important form of propaganda to impress subjects and competitors alike (Marcus 1974:83). Included in this class of power symbols are the prestige or luxury goods that serve to mark relative position within the social hierarchy as well as the emblems and insignia of office and administrative positions within the political hierarchy.
Such symbols are value-laden with information. Their value rests on their role in society (the uses to which they are put), their relative worth within structured sets of meanings and valuations, and how institutionalized or recognized is their role and significance. In general, such symbols tend to be rare or ‘precious’ materials, since a generalized availability undermines ability to signal limited status. They also tend to be ‘value-added’ objects, with modifications of raw materials that further limit the general availability of these goods (Peregrine 1991).

Within the social arena, prestige or luxury items are one class of goods that frequently function as important markers of social status: to display these goods is to communicate and validate the relative status of the bearer (Douglas and Isherwood 1979; Brumfiel and Earle 1987:4). Control over the distribution and display of prestige goods are thus primary means of manipulating the configuration of sociopolitical relationships in society (Brumfiel 1987a, 1987b:112; Hicks 1991; Peregrine 1991; M. Smith 1986).

Within the political realm, Eisenstadt (1963:132-134) also notes that much of imperial control was effected through the control of the titles and insignia of office as the foundation of rank and authority. Since the wearing of these symbols conferred power on the wearer, control over the symbols of office translates into control over office, both symbolically and in political process. Where these insignia of rank and office are also wealth items, their display can serve to control the society both economically and symbolically (Earle 1987:75).

Symbols whose relative value is established in the pre-imperial setting will often carry the weight of tradition into the imperial value system and thus display a more institutionalized and widely recognized system of meanings. It can be anticipated, then, that the manipulation and control of traditional symbols of power and prestige was a key target of imperial energies. Further, this process can be expected to involve attempts to control the circulation of pre-imperial symbols of power, and the conversion
of these from symbols of inherited power to the rewards offered as incentive for cooperating with the emerging imperial elite.

**Levels of Imperial Concern and Control**

The political economy of empires consists of the ways in which imperial goals, strategies, and policies affect the control of goods, based on the ways in which different goods function or are used to achieve political and economic ends desired by imperial rulers. As a general rule, we can expect that the more strategic the resource is perceived to be, the more direct will be imperial attempts to control the production, distribution, and consumption of that resource. The form that imperial controls take, however, can range from legislative regulation to direct operation, reflecting concerns about the costs of administrative controls both in terms of expenditure of resources and public relations (Morrison and Sinopoli 1992).

Conversely, products that are not considered critical or strategic axiomatically fall outside the sphere of direct imperial concern. Goods in this latter category may, however, be indirectly affected by attempts to control strategic goods. Indirect effects of imperial control may result in a wide range of factors affecting the larger economic sphere, including land-labor relationships (Alcock 1989, 1993), trade and exchange (Hopkins 1978, 1980, 1983; Edens 1992), transportation routes and efficiency (Santley 1986; Fulford 1992), and technological development (Kohl 1987; Costin et al. 1989).

Accordingly, to assess the full impact of imperial political economy, we must be concerned with both the direct effects as well as indirect impact of imperial actions.

**Summary: Overview of Imperial Political Economy**

Up to this point I have argued that control over traditional ruling elites was a critical aspect of imperial integration underpinning both the effective administrative and efficient exploitation of conquered populations. In this context, imperial controls over resources -- particularly the strategic resources representing the bases of power in society -- emerge as a key factor in manipulating traditional rulers to imperial ends and
thus as central to the process of imperial consolidation. Administration can be costly, however; as a result, imperial decisions to control a given resource are based on the strategic importance of that good (how vital it is to imperial interests), with more strategic goods generating higher levels of imperial concern and more direct imperial involvement. The political economy of empires thus consists of multiple strategies to control specific goods in order to achieve the dual goals of political and economic autonomy. The effects of those strategies are evident both as direct controls over the production, exchange, and/or consumption of resources, and as the indirect impacts or ramifications of these actions within the wider economic sphere.

**Markets Under Empire**

What role then does the market system play in imperial attempts to control strategic goods? Does market development contribute to or impede imperial goals of political and economic autonomy?

Several authors have argued that a strong, centralized state power is hostile to market system development, because the market potentially competes with the ruler for control over strategic resources (e.g., Blanton et al. 1981:234-236). If merchants traffic in goods that are vital for maintaining political control, the development of a market system could serve to undermine the political and economic power of the imperial ruler. Accordingly, the centralized political authority in strong states plays a prominent role in the production and distribution of goods, while attempting to limit the access of competing elites to these sources of political and economic power by dampening independent, commercial development.

Alternatively, the development of market enterprise is viewed as supportive of imperial rule. Market exchange can be an effective way for a ruler to mobilize resources outside the framework of traditional patrimonial domains, thus reducing the power of local lords or rulers and strengthening his own (Hicks 1987:96). As
Eisenstadt (1963:27-28) points out, market commerce provides a free-floating, taxable resource base independent of local rulers that can be utilized to meet imperial goals. Economic growth and general prosperity also make administration and taxation an easier task, since commercial development is a particularly easy form of wealth to tax (Doyle 1986:96-97). In addition, the development of a transprovincial economy dependent on the maintenance of empire can serve to support imperial administration, by aligning imperial and personal interests. Empires may therefore encourage pre-existing market systems to develop, while attempting to regulate market exchange to their own advantage.

The variable role of the market in imperial economy can be interpreted as reflecting a diversity of political goals that affected economic activities. Eisenstadt (1963:126), for example, suggests that in most archaic empires, “economic development was not very articulate as a fully conscious goal of policy.” Economic development per se was subordinated to political goals and considerations: economic activities were encouraged only if they advanced the political interests of the state.9

According to this view, rather than trying to discern an overarching policy of economic controls, we need to view imperial activities in the economic field as representing specific actions taken to meet specific administrative and political needs. The role of market exchange in developing empires can consequently be clarified by examining how the pursuit of political goals potentially conflicted with or coincided with the development of market systems. As Finley (1973:156) phrases it, “To appreciate how the ancient state made its mark on the economy (and vice versa, the economy on the state), it is necessary not only to differentiate aims and consequences but also to...pinpoint the interests [of the state] as precisely as possible.”

Administrative controls over strategic goods constitute part of how the economy was instituted. It should be emphasized, however, that imperial efforts to control strategic resources represent but one component (albeit a major one) of the
political economy and the political economy but one factor affecting the organization of the larger economic sphere. Other factors (historical, economic, and ecological) constrained or favored specific aspects of exchange as well.

Further, it is important to remember that imperial goals affected market economy both directly through manipulating the flows of desired goods, and indirectly, by altering the context of production and exchange. Since we have argued that the interests of the empire are largely concerned with controls over goods strategic to the maintenance of imperial political control, we need first to focus on specific strategic goods and monitor imperial attempts to directly control their flows in society. Secondly, we must attempt to delineate how these flows articulate with other sectors of the economy such that the indirect impact of imperial controls can be determined.

**Variability in Market Structure: Causal Factors and Imperial Controls**

A principal way that imperial actions can affect the larger economic sphere is through their impact on market system structure and hence on market system function. The primary dimensions of market system organization are **scale** of inclusiveness (spatial extent), **hierarchy** (the development of vertical linkages) and **network** (the development of horizontal linkages) (C. Smith 1976d:314-315). Historically, the growth of empire is associated with an expanding scale of international market economy (Eisenstadt 1963:46; Finley 1978). However, even a brief survey of archaic empires demonstrates significant variability in the resulting structure of exchange interactions along the dimensions of hierarchy and network. Two main patterns can be contrasted.

**Integrated Market Networks and Transprovincial Exchange.** Market systems characterized by both well developed hierarchy and network represent integrated market systems. Goods flow laterally between market centers of the same order of the hierarchy, as well as vertically between levels of the hierarchy, as between dominant centers and their dependencies. The unrestricted flows of goods and market
commerce enable the operation of microeconomic forces and market competition; economic interactions are conditioned by supply and demand, balancing the self-interests of producers and consumers. Within empires, the development of an integrated market network is associated with conditions of political stability and transprovincial security, governmental support for the development of commercial infrastructure (including an investment in transportation and communication) and the absence of administrative intervention and controls affecting the flows of goods.

The expanding Roman empire (200 B.C. - A.D. 200) provides a case in point. Under Roman rule, administrators attempted to ensure the security of trade avenues involved in the flow of vital materials (primarily grain), invested in transportation infrastructure to facilitate that flow, policed market and currency exchange regulations to deter theft and fraud, and collected market and harbor taxes as means of underwriting the above costs (Finley 1973:158-161). As a result of these imperial activities and the increasing monetization of the Roman economy (Hopkins 1978, 1980), commerce expanded rapidly throughout the Mediterranean world (Fulford 1992; Woolf 1992). Wine, oil, pottery, and bronze produced in Italy were exchanged for African grain and eastern spices. Large, specialized productive enterprises emerged throughout what was otherwise an overwhelmingly agricultural world.10 Doyle (1986:98) argues that “Rome revolutionized the commerce of the ancient world on a most extensive scale, and in commerce lay much of the free-floating, imperially mobilizable resources that fed and armed the legions and paid the administrators.” In this case, imperial and commercial interests converged, resulting in a well-developed transprovincial economy that provided a major integrative force within the expanding empire (Doyle 1986:97-98).11

This pattern of a well-developed transprovincial economy was later broken, however, when administrative interests dictated the need for intervention. The continued growth of empire, particularly the expansion of the military and the city of
Rome, elevated the strategic importance of grain as essential to the maintenance of imperial power and domestic peace (Finley 1973:160). This in turn stimulated administrative efforts to more directly control the flow of wheat, observable in two trends: first, the payment of tribute in kind, rather than coin; and second, the gradual withdrawal of grain and other military (as well as urban) requirements from the play of the market, a trend culminated in late Roman times under Diocletian (r. A.D. 284-305). An unanticipated by-product of centralized controls was the reduction of economic potential for industrial producers, by lowering the total volume of market trade (Finley 1973:160-161; Hopkins 1980). Thus, the indirect impact of administrative controls was the weakening of the larger market economy.

**Vertically Structured Market Systems and Core-Periphery Exchange.** At the opposite extreme are imperial market systems in which vertical flows of goods predominate. In this case, the flow of commerce is primarily if not exclusively between core and periphery, while transprovincial exchange is inhibited. The result is often termed a dendritic structure, in which lower-order centers are linked to a single higher-order center, creating a chain (as opposed to a network) of economic contacts that is predominately vertical or hierarchical in organization (C. Smith 1974:177). Vertically organized exchange systems often appear to exploit rather than to integrate peripheral economies, since commodity flows are centralized to the obvious benefit of the metropole.

The origins of vertically oriented market systems are generally linked to monopolistic controls over key aspects of wholesale trade that create conditions of imperfect competition through either spatial monopoly or commodity oligopoly. C. Smith (1974:178), for example, associates dendritic systems with the conditions of spatial monopoly characterizing a primate center. Under conditions of primacy, centers do not have competitors, and thus reap the economic advantages of monopoly. Economies of scale develop in these primate centers, undercutting less efficient competitors and suppressing secondary productivity (and hence exchange) within the periphery while
generating conditions of core-periphery symbiosis. Such primate-dendritic systems seem to occur mainly in imperial or colonial contexts where marketing is imposed by an outside group following conquest. Alternatively, vertically structured market systems can result from conditions of commodity oligopoly, as through state controls over long-distance or foreign exchange (C. Smith 1977:131-132).

Such extractive market systems are most closely associated with colonial (territorial) empires forged through strong imbalances in military force and technology (including those established by European conquest of Latin American, Africa, and Asia), and motivated by an imperial policy of mercantilism. Within the Spanish-American empire, for example, the state manipulated trade with its New World colonies to create a “complementarity” in exchange relations that functioned to bind the peripheries to the metropole. Doyle (1986:111-112) suggests that this power was realized by two mercantilist means: “First, regulating the foreign trade of the colony, by requiring exclusive trade relations with the metropole or the use of only metropolitan shipping; second, by regulating the internal production of the colony to ensure complementarity with the metropole, usually making the colony a producer of raw materials for the metropole and a consumer of the metropole's finished products.” This artificial complementarity led to the one-sided accumulation of wealth in the imperial core, where it served to underwrite the costs of enforcing the unequal relationship between core and periphery.

Parallels can be found in ancient imperial systems characterized by informal and indirect rule, as well. For example, the Athenian empire of the 5th century B.C. instituted an indirect, but no less effective means of generating centripetal flows of desired goods under a system of hegemonic rule, through monopolistic controls over the production of currency. In this case, it appears that a transprovincial trading pattern initially developed without direct government interference. For the first half of the 5th century, there is no evidence that the government intervened to influence the course of trade, except to
safeguard the inward flow of vital materials. With suppression of piracy by the Athenian navy, widespread trade in the Mediterranean flourished; *pax imperica* encouraged commercial development and the latter in turn underwrote a portion of imperial expenses in the form of harbor taxes, etc. It was only when the trading network was well established that the Athenian leaders realized that “trade itself was a weapon that could be turned to political ends” (French 1964:122). Athens then set policies that effectively subverted the earlier trading pattern, resulting in the centralized flow of desired goods at the expense of transprovincial interactions (French 1964:120-121).

To accomplish this end, Athens exerted two types of control. The most obvious governmental controls were direct restrictions on trade concerning strategic materials. Certain goods could only be sold to Athens, including grain and the wood for oars and ships that were the basis of Athens' naval supremacy. However, Athens employed an equally compelling indirect measure of control as well. At the core of this control was the Athenian regulation enforcing the use of her own coinage throughout her empire by requiring “allies” to pay their tribute to Athens each year in Athenian coined silver (French 1964:121). 12 To obtain this coinage, her allies obviously had to buy it directly or indirectly from Athens; they were thus forced to sell their surplus products either to Athens or to states that sold to her. This strategy placed the allies in competition with each other to sell to Athens, drove down the cost of their wares on the Athenian market, and placed Athenian consumers in an enviable position. The overall effect of the Athenian coinage monopoly was to direct flows of goods, both strategic and non-strategic, into Athens, while dampening the transprovincial market. 13

**Indirect Impact: Market Structure and Opportunities for Production and Exchange**

The actions of imperial elite that directly affected the regional market system structure also indirectly affected opportunities for production and exchange for the laboring population at a more local level. As discussed by Plattner (1989), the relative
predominance of horizontal vs. vertical linkages in the market system leads either to the integration or the underdevelopment of the hinterland into the regional system. To understand how these differing market structures effect different outcomes in regional economic organization, Plattner focuses on the impact that market structure has on individual producers and market participants.

For example, Plattner (1989:203) argues that:

“An integrating market system stimulates economic development by allowing different parts of the region to exchange horizontally as well as vertically.... For example, an Indian farming community in Latin American could specialize in its most productive product (such as peppers) since subsistence food (corn, beans, and other staples) will be available at a reasonable price from other similar farming communities in horizontal exchange. Manufactured urban goods may be available in vertical exchange (from towns to villages) for agricultural products, or goods from a craft-producing village may be available in horizontal (village-to-village) exchange. This process of regional economic integration stimulates economic development.”

The result is a true market-integrated economy, in which a large proportion of the population are dependent on the market for daily subsistence goods.

In contrast, the predominance of vertical linkages leads to “underdevelopmental” market systems: “When the system of exchange is controlled by and for an urban elite population, then the horizontal links are minimized in order to stress the vertical ties” (Plattner 1989:203). The elite class is interested in supplying itself with rurally produced goods and in obtaining agricultural foodstuffs for urban support or export, in exchange for the downward distribution of imported and urban-produced manufactured goods. In such a case, there is “no horizontal flow of farm produce to integrate the different agricultural districts of the region. Farmers in such a system cannot specialize fully lest they gamble their welfare on a market system that is not structured to deliver the food they need” (Plattner 1989:203). Similarly, without a reliable food supply entering the market system, rural artisans cannot expand their trade to become manufacturers. Even part-time specialization may be impaired as local outlets for craft goods are undercut by
urban economies of scale that can produce goods that are likely to be both cheaper and better made than local products (Berdan 1989:93; Marcus 1983). In this case, peasants may be fully drawn into a market economy, but without obtaining the economic and other benefits supposedly following from market integration (C. Smith 1977:144).

The impact of market structure on the regional organization of production and market participation can be seen in historical empires, as well as in modern peasant societies. In the case of Rome (200 B.C.- A.D. 200), characterized by horizontal as well as vertical links and flows of goods, imperial consolidation led to economic stimulation and regional development. In contrast, within the Spanish American colonial empire, the links were predominantly vertical, with the flow of goods benefitting the core at the expense of the periphery, leading to underdevelopment and isolation of the periphery.

**The Interaction of Imperial Political and Market Economies: Programmatic Statement for Analysis**

The historical examples cited illustrate the structural and functional variability in international market economies that develop under empire as well as the diversity of ways in which imperial actions affected market structure. Equally important, the preceding examples also suggest that the type of imperial rule and the type of market structure do not necessarily covary in a predictable manner. The formal, direct rule of territorial empires may lead to either an elaboration of transprovincial, horizontal links (as under Rome), or primarily vertical links between core and periphery (as in the Spanish American colonies). Conversely, informal, indirect rule under hegemonic empires may indirectly foster economic development throughout the peripheries under the stable conditions of *pax imperica* or may manipulate the economy to channel exchange goods in a primarily vertical flow (as under Athens in the 5th century B.C.).

This lack of congruence suggests that in order to understand the interaction of imperial political and market economies, we need to step back from simplistic
categorizations that associate general types of empire with general types of market systems. Instead, we must attempt to monitor specific links between the political processes of imperial formation and the resultant economic conditions that directly and indirectly affect market participation and development.

As one strategy for monitoring the interaction of imperial political and market economies, this analysis focuses on both macrolevel political forces, consisting of the political and economic goals, strategies, and policies of the dominant imperial elite, and microlevel economic forces, consisting of the responses of individual or corporate producers to the economic stresses and opportunities engendered by imperial rule. This analysis consists of three main steps:

1. **Definition of Macrolevel Political Forces.** The analysis of imperial political economy necessarily begins with the identification of strategic resources, beginning with the primary sources of wealth and symbols of power in imperial society. The analysis then monitors imperial efforts to control those resources directly through legislation and administrative policies, and attempts to identify indirect controls over these resources by (1) monitoring their production, acquisition, and redistribution; (2) identifying the personnel involved in this circuit; and (3) examining how avenues of access and control are regulated.

2. **Impact on Microlevel Economic Responses.** Second, the analysis identifies the economic stresses and opportunities created by the imperial political economy, by examining how controls over strategic goods affect other economic activities. Imperial political activities may affect a broad range of economic conditions through their impact on market structure, but also through alteration of the physical environment, labor reallocation, market regulations, technological advance, or developments in the areas of transportation and communication -- all of which potentially alter patterns of production and market exchange.
3. Microlevel Economic Responses. Finally, this analysis attempts to predict and then measure the responses of producers to the altered economic circumstances in terms of commodity production strategies and market participation. In the aggregate, these responses form the basis for predicting macrolevel economic changes and their corresponding on-the-ground patterns of market behavior.

The following analysis of Aztec imperial economy attempts to implement this strategy by identifying and monitoring the flow of strategic goods through the Aztec empire. Chapter 4 focuses on the circuit of specific luxury goods and exotic raw materials that formed the primary symbols of Aztec political power and prestige, and identifies the administrative controls over this circuit that represent the macrolevel forces of interest. Chapter 5 then explores the impact that these controls potentially had for systems of commodity production and market participation within the Valley and predicts specific microlevel responses.
Notes to Chapter 3

1Within anthropology, empires to date have not received the same level of scrutiny and definitional precision as other levels of sociopolitical complexity (e.g. Flannery 1972; Service 1975; Wright 1977, 1978). Rather, empires are frequently considered to be a special class of state level societies, that differ primarily in their size and internal complexity (see Sinopoli 1994 for a review). For example, Adams (1979:59) defines empires as:

“...territorially extensive, at least moderately durable, state systems, that were substantially preoccupied with channelling resources from diverse subject polities and peoples to an ethnically defined ruling stratum whose authority ultimately derived from the repeated exercise of its military power.”

2This discussion is explicitly limited to the more archaic forms of empire, and avoids discussion of imperial formation within the modern “world system” (Wallerstein 1974).

3The difference between hegemonic and territorial empires roughly parallels Eisenstadt's distinction between weakly integrated “patrimonial empires” and more highly integrated “bureaucratic empires”. See also Mann (1986) on empires of domination vs. territorial empires.

4According to this criterion, Doyle's (1986) definition of empire excludes hegemonic systems of imperial rule, since he defines empire as control over both the internal and external (international and domestic) affairs of the periphery.

5Hegemonic and territorial empires also differ in the administrative costs involved in overseeing the dominated region and the degree of imperial exploitation enabled by imperial domination. Hegemonic control is one of low investment in administration and defense, with a concomitantly limited ability to extract resources (Hassig 1985:101). In
contrast, territorial control is a high-control, and potentially high-exaction strategy of imperial integration (Hassig 1985:101).

In large measure, the form of imperial control depends on the level of political organization of the periphery prior to metropolitan contact (Doyle 1986:135-36; D'Altroy 1987:7; Hodge 1984:2). Two attributes are seen as being of particular importance: the degree of political centralization of the periphery (which determines the degree to which collaboration is feasible), and the level of economic differentiation (which determines the extent to which collaboration is advantageous or desirable). In general, imperial domination of pre-state societies is seen as requiring formal incorporation and direct rule, because these incompletely differentiated societies lack the stable infrastructure to collaborate with the metropole. In contrast, stratified, state-level societies offer the potential for informal control; if formally annexed, they tend toward indirect rule. Thus, extant political and economic structures affect imperial policies and contribute to organizational solutions.

The realization of the goals of political and economic autonomy leads to what Doyle (1986:93-96) has termed the threshold of persistent empire, characterized by the institutionalization of a distinct imperial bureaucracy and the economic infrastructure to support it. These dual developments historically created the conditions for steady imperial rule. A strictly imperial administrative structure distinct from domestic politics meant that the periphery could be ruled efficiently, with concerns of the empire taking precedence over and remaining unencumbered by local domestic affairs. Similarly, strong central rule created the stability on which economic growth could flourish, creating economic bonds between core and periphery that supported the continuance of imperial rule.

This argument parallels Costin's concern (1991:12) that: “In dealing with the issue of control, we must be careful to state explicitly the rationale for controlling the industry.” For example, Costin criticizes Feinman (1980) for not addressing the issue of why an administration would want to control production of ceramic wares in particular.

Similarly, Finley (1973:158-161) argues that the primary factors driving the economic actions of ancient states was the “satisfaction of material wants” of the central administration. In this view, imperial activities represented specific actions taken to meet specific administrative and political needs, rather than a general policy of economic development.

The absence of a national economic policy in ancient empires can be contrasted with the modern policy of mercantilism, in which “the economic interests of the nation as a whole are more important than that of individuals or parts of the nation, with a balance of exports over imports (with a consequent accumulation of bullion) as desirable, and that industry, agriculture, and commerce should be directed toward this objective” (Webster's New 20th Century Unabridged Dictionary). Mercantilism is associated with the decline of feudalism and the rise of commercialism in Europe.

This contrast between ancient empires and those of the modern era is consistent with Wallerstein's (1974) distinction between world empires (based on political controls and relative primitive means of economic domination) and world economies (based on the greater economic efficiencies of capitalism). However, for an application of world-systems analysis to ancient empires, see Ekholm and Friedman (1982), Frank (1990) and Wallerstein (1990).
Hopkins (1978) points out that Roman workshops were actually quite small by modern standards, rarely employing more than 20 people (Moeller 1976), although the aggregate volume produced could be quite large (e.g. Stanfield and Simpson 1958). As a basis of comparison, however, most manufacturing units in a pre-industrial economy are small: 95% of all manufacturing and mining units in Germany, and 98% in France employed less than 10 persons in 1906-7 (Gerschenkron 1962:64, cited in Hopkins 1978:53).

A more telling characteristic of Roman manufacturing was the sophisticated division of labor and dependence on the market system to bring these specialists together (Hopkins 1983:xvi). For example, 85 different occupations have been documented for Pompeii, while 264 occupations are known for the city of Rome (Hopkins 1983:xvi). At least five different specialized occupations were recorded just within the textile industry: fuller, spinner, weaver, dyer, and garment maker (Hopkins 1978:71).

The high degree of regional (i.e. transprovincial) integration within the Roman market system is illustrated by parallel fluctuations in provincial money supplies (Hopkins 1980).

The motivation for this decree is debated. Finley (1973:166-169) argues that the political insistence on the employment of Athenian coinage represents a reaction to the chronic shortage of coins -- a strategy to ensure cash on hand for supporting imperial activities, primarily the payment of the navy. Alternatively, it may represent a political statement of dominance, by denying the subject-states the traditional symbol of autonomy, their own coins. Whatever the motivation, the impact on the flows of goods was the same.

Allen (1992) discusses a similar case for Mesopotamia, in which Assyrian controls over currency and credit led to economic underdevelopment of the Anatolian periphery.